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**AMENDMENT TO H.R. 5819, AS REPORTED
OFFERED BY MR. GRAVES OF MISSOURI**

Strike title II of the bill and insert the following:

1 **TITLE II—VENTURE CAPITAL**
2 **INVESTMENT STANDARDS**

3 **SEC. 201. ENSURING THAT INNOVATIVE SMALL BUSI-**
4 **NESSES WITH SUBSTANTIAL INVESTMENT**
5 **FROM VENTURE CAPITAL OPERATING COM-**
6 **PANIES ARE ABLE TO PARTICIPATE IN THE**
7 **SBIR PROGRAM.**

8 Section 9(e) of the Small Business Act (15 U.S.C.
9 638(e)) is amended by striking “and” at the end of para-
10 graph (8), striking the period at the end of paragraph (9)
11 and inserting “; and”, and adding at the end the following:

12 “(10) effective only for the SBIR and STTR
13 programs, and notwithstanding any provision in sec-
14 tion 3 to the contrary, the following shall apply:

15 “(A) A business concern that has more
16 than 500 employees shall not qualify as a small
17 business concern.

18 “(B) In determining whether a small busi-
19 ness concern is independently owned and oper-
20 ated under section 3(a)(1) or meets the small

1 business size standards instituted under section
2 3(a)(2), the Administrator shall not consider a
3 business concern to be affiliated with a venture
4 capital operating company (or with any other
5 business that the venture capital operating com-
6 pany has financed) if—

7 “(i) the venture capital operating
8 company does not own 50 percent or more
9 of the business concern; and

10 “(ii) employees of the venture capital
11 operating company do not constitute a ma-
12 jority of the board of directors of the busi-
13 ness concern.

14 “(C) A business concern shall be deemed
15 to be ‘independently owned and operated’ if—

16 “(i) it is owned in majority part by
17 one or more natural persons or venture
18 capital operating companies;

19 “(ii) there is no single venture capital
20 operating company that owns 50 percent
21 or more of the business concern; and

22 “(iii) there is no single venture capital
23 operating company the employees of which
24 constitute a majority of the board of direc-
25 tors of the business concern.

1 “(D) If a venture capital operating com-
2 pany controlled by a business with more than
3 500 employees (in this subparagraph referred
4 to as a ‘VCOC under large business control’)
5 has an ownership interest in a small business
6 concern that is owned in majority part by ven-
7 ture capital operating companies, the small
8 business concern is eligible to receive an award
9 under the SBIR or STTR program only if—

10 “(i) not more than two VCOCs under
11 large business control have an ownership
12 interest in the small business concern;

13 “(ii) the VCOCs under large business
14 control do not collectively own more than
15 20 percent of the small business concern;
16 and

17 “(iii) the VCOCs under large business
18 control do not collaborate with each other
19 to exercise more control over the small
20 business concern than they could otherwise
21 exercise individually.

22 “(E) The term ‘venture capital operating
23 company’ means a business concern—

24 “(i) that—

1 “(I) is a Venture Capital Oper-
2 ating Company, as that term is de-
3 fined in regulations promulgated by
4 the Secretary of Labor; or
5 “(II) is an entity that—
6 “(aa) is registered under the
7 Investment Company Act of 1940
8 (15 U.S.C. 80a-51 et seq.); or
9 “(bb) is an investment com-
10 pany, as defined in section
11 3(c)(14) of such Act (15 U.S.C.
12 80a-3(c)(14)), which is not reg-
13 istered under such Act because it
14 is beneficially owned by less than
15 100 persons; and
16 “(iii) that is itself organized or incor-
17 porated and domiciled in the United
18 States, or is controlled by a business con-
19 cern that is incorporated and domiciled in
20 the United States.”.

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